
A BILL FOR AN ACT

RELATING TO HEALTH CARE PLANS FOR WORKERS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that Act 210, Session
2 Laws of Hawaii 1974, also known as the Prepaid Health Care Act
3 (PHCA), was the first law in the nation to establish minimum
4 standards for employer-sponsored health care benefits for
5 workers. The PHCA continues to support health and economic
6 prosperity in the State by offering regular employees access to
7 adequate, affordable health insurance through their employers.
8 However, nontraditional workers, including certain part-time
9 employees, independent contractors, and self-employed
10 individuals that constitute a growing portion of the workforce
11 in the State are not covered by the PHCA. According to a 2021
12 department of business, economic development, and tourism
13 report, from 2015 to 2019, 21.4 per cent of workers in the State
14 had part-time jobs. The "gig economy", or independent
15 contractor workforce, is also expanding. As of 2022,
16 approximately thirty per cent of the State's small business
17 workforce labored as independent workers in the gig economy.



1 These significant segments of the State's workforce are not
2 eligible for employer-sponsored prepaid health care plans under
3 the PHCA and therefore rely on private or federally-subsidized
4 health insurance.

5 The legislature further finds that the passage of the One
6 Big Beautiful Bill Act of 2025 may jeopardize the health care of
7 these nontraditional workers by reducing access to affordable
8 health insurance provided through federal programs such as
9 medicaid. The resulting increase in the local uninsured
10 population would threaten the well-being and economic stability
11 of much of the State's workforce. Therefore, the legislature
12 believes it is necessary to establish a health insurance
13 framework for nontraditional workers in the State to safeguard
14 their affordable access to essential medical services.

15 Accordingly, the purpose of this Act is to require the
16 department of labor and industrial relations, in consultation
17 with the insurance commissioner, to:

- 18 (1) Establish a voluntary portable health care benefit
19 plan pilot program to offer high deductible health
20 plans or catastrophic health plans to workers not



1 covered by the Hawaii Employer-Union Health Benefits
2 Trust Fund or the PHCA; and

3 (2) Submit annual reports to the legislature on the pilot
4 program.

5 SECTION 2. (a) The department of labor and industrial
6 relations, in consultation with the insurance commissioner,
7 shall establish and implement a five-year voluntary
8 nontraditional workforce portable health care benefit plan pilot
9 program to expand access to basic affordable health insurance
10 for nontraditional workers not eligible for health benefits
11 provided pursuant to chapter 87A, Hawaii Revised Statutes, or a
12 prepaid health care plan pursuant to chapter 393, Hawaii Revised
13 Statutes. The pilot program shall offer portable health care
14 benefit plans to nontraditional workers pursuant to the
15 conditions outlined in subsection (b). Any employee or worker
16 eligible for health benefits provided pursuant to chapter 87A,
17 Hawaii Revised Statutes, or a prepaid health care plan pursuant
18 to chapter 393, Hawaii Revised Statutes, shall not be eligible
19 to participate in the pilot program. The department may
20 contract with a private entity to administer the pilot program.



1 (b) The department shall develop standards and
2 qualifications for the administration of and participation in
3 the pilot program, which shall at a minimum meet the following
4 requirements:

5 (1) A government entity or private entity may offer a
6 portable health care benefit plan;

7 (2) Participation by employers and nontraditional workers
8 shall be voluntary;

9 (3) The department, in consultation with the insurance
10 commissioner, shall:

11 (A) Establish standards of minimum essential benefit
12 coverage for portable health care benefit plans
13 to be provided under the pilot program; provided
14 that coverage for preventative care, telehealth
15 services, and mental health access shall be core
16 benefits; provided further that the standards
17 shall emphasize coverage for emergency or
18 catastrophe protections;

19 (B) Determine optimal income thresholds and the
20 levels of cost-sharing reductions on



1 out-of-pocket expenses to be allowed under the
2 portable health care plans; and

3 (C) Ensure the pilot program and all health care
4 benefit plans offered under the pilot program are
5 in compliance with applicable federal laws;

6 (4) The department may issue premium subsidies and
7 vouchers to eligible individuals enrolled in the pilot
8 program. Any moneys contributed by the State to a
9 portable health care benefit plan and not expended
10 shall return to the general fund of the State and
11 become general realizations of the State should the
12 individual beneficiary exit the pilot program;

13 (5) Contributions to a portable health care benefit plan:

14 (A) Shall be voluntary; and

15 (B) Shall not be used as a criterion for determining
16 a person's employment classification, including
17 for determining eligibility for prepaid health
18 care pursuant to chapter 393, Hawaii Revised
19 Statutes; and



(6) If an internet or application-based company contributes to a portable health care benefit plan for the benefit of an individual beneficiary:

(A) The contribution shall not be evidence of employer liability; and

(B) A court shall not construe the contribution as an element of an employment relationship for the purposes of:

(i) Employment security benefits pursuant to chapter 383, Hawaii Revised Statutes;

(ii) Workers' compensation pursuant to chapter 386, Hawaii Revised Statutes; or

(iii) Temporary disability insurance pursuant to chapter 392, Hawaii Revised Statutes.

(c) The department may adopt rules pursuant to chapter 91, Hawaii Revised Statutes, to carry out the purposes of this Act.

(d) The department, in consultation with the insurance commissioner, shall submit annual reports on the development and implementation of the nontraditional workforce portable health care benefit plan pilot program established pursuant to this section, including impacts to statewide health insurance



1 enrollment, health care costs and affordability, health
2 outcomes, and any proposed legislation, to the legislature no
3 later than twenty days prior to the convening of the regular
4 sessions of 2027, 2028, 2029, and 2030.

5 (e) The department, in consultation with the insurance
6 commissioner, shall submit a final report on the nontraditional
7 workforce portable health care benefit plan pilot program
8 established pursuant to this section, including impacts to
9 statewide health insurance enrollment, health care costs and
10 affordability, health outcomes, recommendations on whether the
11 pilot program should be extended or made permanent, and any
12 proposed legislation, to the legislature no later than twenty
13 days prior to the convening of the regular session of 2031.

14 (f) For the purposes of this section:

15 "Catastrophic plan" has the same meaning as defined in
16 title 42 United States Code section 18022(e).

17 "Department" means the department of labor and industrial
18 relations.

19 "Health savings account" has the same meaning as defined in
20 title 26 United States Code section 223(d).



1 "High deductible health plan" has the same meaning as
2 defined in title 26 United States Code section 223(c)(2).

3 "Hiring party" means a person who hires or enters into a
4 contract for services with a nontraditional worker. "Hiring
5 party" includes the State, any of its political subdivisions, or
6 any instrumentality of the State or its political subdivisions.

7 "Hiring party" does not include:

8 (1) The United States government or any instrumentality of
9 the United States;

10 (2) Any other state or political subdivision thereof or
11 instrumentality of such state or political
12 subdivision;

13 (3) Any foreign government or instrumentality wholly owned
14 by a foreign government; provided that:

15 (A) The service performed in its employ is of a
16 character similar to that performed in foreign
17 countries by employees of the United States
18 government or of an instrumentality thereof; and

19 (B) The United States Secretary of State has
20 certified or certifies to the United States
21 Secretary of the Treasury that the foreign



1 government, with respect to whose instrumentality
2 exemption is claimed, grants an equivalent
3 exemption with respect to similar service
4 performed in the foreign country by employees of
5 the United States government and of
6 instrumentalities thereof.

7 "Nontraditional worker" means a person who performs a
8 service for hire for a hiring party pursuant to a contract but
9 is not an employee, as defined in section 87A-1, Hawaii Revised
10 Statutes, or a regular employee as defined in section 393-3,
11 Hawaii Revised Statutes, and is not eligible for health benefits
12 under chapter 87A, Hawaii Revised Statutes, or a prepaid health
13 care plan under chapter 393, Hawaii Revised Statutes; provided
14 that "nontraditional worker" does not include a person employed
15 in seasonal employment, as defined in section 393-3, Hawaii
16 Revised Statutes. "Nontraditional worker" includes independent
17 contractors, including gig workers; part-time employees; sole
18 proprietors; and self-employed individuals.

19 "Portable health care benefit plan" means a group health
20 care plan that:



- 1 (1) Offers a high deductible health plan or catastrophic
2 plan in accordance with federal law;
- 3 (2) Offers at least one health savings account-eligible
4 plan option in accordance with federal law; and
- 5 (3) Is assigned to an individual beneficiary and is not
6 associated with a specific employer or hiring party.
- 7 (g) The nontraditional workforce portable health care
8 benefit plan pilot program shall cease to exist on June 30,
9 2031.

10 SECTION 3. There is appropriated out of the general
11 revenues of the State of Hawaii the sum of \$ or so
12 much thereof as may be necessary for fiscal year 2026-2027 for
13 the development and implementation of the nontraditional
14 workforce portable health care benefit plan pilot program
15 established by section 2 of this Act.

16 The sum appropriated shall be expended by the department of
17 labor and industrial relations for the purposes of this Act.

18 SECTION 4. If this Act or any provision of this Act
19 conflicts at any time with any federal law, then the federal law
20 shall prevail and this Act or the relevant provisions of this
21 Act shall become ineffective and invalid. The ineffectiveness

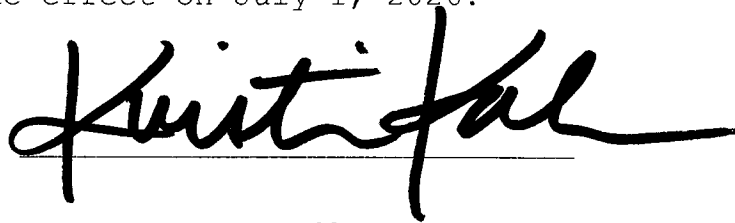


1 and invalidity of this Act or any of its provisions shall not
2 affect any other provisions or applications of this Act, which
3 shall be given effect without the invalid provision or
4 application, and to this end, the provisions of this Act are
5 severable.

6 SECTION 5. If any part of this Act is found to be in
7 conflict with federal requirements that are a prescribed
8 condition for the allocation of federal funds to the State or
9 the State's eligibility for federal waiver programs, the
10 conflicting part of this Act is inoperative solely to the extent
11 of the conflict and with respect to the agencies directly
12 affected, and this finding does not affect the operation of the
13 remainder of this Act in its application to the agencies
14 concerned.

15 SECTION 6. This Act shall take effect on July 1, 2026.
16

INTRODUCED BY:



JAN 15 2026



H.B. NO. 1545

Report Title:

DLIR; Insurance Commissioner; Nontraditional Workforce; Portable Health Care Benefits; Voluntary Pilot Program; High Deductible Health Plan; Catastrophic Health Plan; Health Savings Account; Reports; Appropriation

Description:

Requires the Department of Labor and Industrial Relations, in consultation with the Insurance Commissioner, to establish and implement a five-year voluntary Nontraditional Workforce Portable Health Care Benefit Plan Pilot Program that offers high deductible health plans or catastrophic health plans to nontraditional workers who are ineligible for health benefits provided by the Hawaii Employer-Union Health Benefits Trust Fund or prepaid health care plans under the Prepaid Health Care Act. Requires reports to the Legislature. Appropriates funds.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

